



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

**February 04, 2002**

# **Community Reinvestment Act Performance Evaluation**

**Peoples National Bank  
Charter Number: 22983**

**141 Westover Drive  
Danville, VA 24541**

**Office of the Comptroller of the Currency**

**Virginia Field Office (Roanoke)  
3800 Electric Road Suite 204  
Roanoke, VA 24018**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **Peoples National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Peoples National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

### Lending Test

- Lending levels reflect good responsiveness to assessment area (AA) credit needs.
- Geographic distribution of loans by income level of geography was good.
- Distribution of loans by income level of borrower was good.
- A substantial majority of PNB's loans were made in their AAs.

### Investment Test

- Given available opportunities, the level of qualified investments was adequate.

### Service Test

- PNB delivery systems are accessible to geographies and individuals of different income levels in its AAs.
- To the extent changes were made, PNB's opening of branches improved the accessibility of services, particularly in moderate-income geographies and to low- and moderate-income individuals. PNB closed no offices during the evaluation period.
- Services do not vary in a way that inconveniences its AAs, particularly moderate-income geographies or low- or moderate-income individuals.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by PNB and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of PNB, and to take this record into account when evaluating certain corporate applications filed by PNB.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of

individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

As of September 30, 2001, Peoples National Bank (PNB), which is headquartered in Danville, Virginia, had total assets of \$357 million. PNB is an interstate bank with branches in Virginia and North Carolina. PNB operates 14 branches located in two non-MSA counties (Wilson County, NC and Lee County, NC) and four MSAs (Danville, VA, MSA 1950, Fayetteville, NC, MSA 2560, Greensboro-Winston-Salem-High Point, NC, MSA 3120 and Greenville, NC MSA 3150).

PNB offers basic deposit and loan products to customers in predominately small communities and rural areas. PNB does not offer alternatives to branch banking. As of September 30, 2001, net loans totaled \$179 million and deposits totaled \$319 million. Net loans represented 56% of total assets. Based on the total dollar volume of outstandings, the distribution of PNB's loan portfolio was as follows: commercial, including commercial real estate (62%); 1-4 family residential properties (20%); consumer loans (8%); farm loans (1%); and all other loans (9%). PNB lends primarily to businesses and for residential mortgage loans. PNB's Tier 1 capital was \$33.7 million as of September 30, 2001. Tier 1 risk based capital to risk weighted assets equaled 17.3% and Tier 1 leverage capital equaled 9.8%.

There were no legal, financial or other factors impeding PNB's ability to help meet the credit needs in its AAs.

PNB opened eight branches since their last CRA examination in April 1998. These new branches resulted from purchases of banking facilities and no deposits or loans were acquired. Two of these offices were opened in low-income tracts and four were opened in moderate-income tracts.

There were no bank operating subsidiaries and therefore no impact on CRA performance from subsidiaries.

PNB's CRA performance was rated "Satisfactory" in the last public evaluation dated April 3, 1998.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses PNB's performance under the Lending, Investment, and Service Tests. The evaluation under the Lending Test covered PNB's performance from January 1, 1998 through December 31, 2000, excluding community development loans. Lending data for the year 2001 was not available at the examination start date. We reviewed small loans to businesses and residential mortgage loans subject to filing under HMDA. We did not evaluate small farm loans since this is not a significant lending activity of PNB. The evaluation period for community development loans, the Investment Test, and the Service Test was April 3, 1998 to February 4, 2002. PNB originated no community development loans during the evaluation period.

Market share comparisons are based on loans subject to filing under HMDA and small loans to businesses reported under the CRA during 2000.

### Data Integrity

As part of this CRA evaluation, PNB's publicly filed information on home mortgage loans and small loans to businesses was tested for accuracy. The test included an evaluation of PNB's processes to ensure that the data was reliable.

We found significant errors in both HMDA and small loans to businesses loan data. As a result, management was required to review and correct the data. During June 2001, we evaluated PNB's corrected data and found it to be reliable. This evaluation is based on accurate data.

Community development investments and services submitted by PNB management were verified to ensure that they met the regulatory definition for community development. Items submitted by PNB for consideration were excluded from this evaluation because they did not meet the definition or purpose of community.

### Selection of Areas for Full-Scope Reviews

PNB operates branches in the Danville, VA MSA 1950 AA, their only AA in Virginia. This AA was selected for a full scope review. The Greensboro-Winston-Salem-High Point, NC MSA 3120 AA was selected for a full scope review. This AA is representative of the type of areas in which PNB operates in North Carolina. Refer to the "Scope" sections under the individual State Ratings for details regarding how the areas were selected and why they are representative.

### Ratings

PNB's overall rating is a blend of the North Carolina and Virginia State ratings. The state of Virginia received the most weight since 96% of PNB's deposits and the majority

of bank branches that were open for business during the evaluation period are located there.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

## **Fair Lending Review**

An analysis of the most recent years public comments and consumer complaint information, HMDA, small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in April 1998.

## State Rating

<b>CRA Rating for Virginia:</b>	<u>Satisfactory</u>
<b>The Lending Test is rated:</b>	<u>High Satisfactory</u>
<b>The Investment Test is rated:</b>	<u>Low Satisfactory</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

The major factors that support this rating include:

### Lending Test

- Lending levels reflect good responsiveness to AA credit needs.
- Geographic distribution of loans by income level of geography was good.
- Distribution of loans by income level of borrower was good.
- A substantial majority of PNB's loans were made in their AA.

### Investment Test

- Given available opportunities, the level of qualified investments was adequate.

### Service Test

- PNB's delivery systems are accessible to geographies and individuals of different income levels in its AA.
- To the extent changes have been made, PNB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies or low- or moderate-income individuals.

## Description of Institution's Operations in Virginia

PNB operates seven bank branches in the city of Danville and central and southern portions of Pittsylvania County. Danville City and Pittsylvania County make up the Danville, VA MSA 1950. PNB does not operate ATMs. As of June 30, 2001, PNB had deposits of \$289 million in Virginia, which represented less than a 1% deposit market share in the state. PNB ranked 45<sup>th</sup> out of 187 financial institutions operating in the state of Virginia. PNB's primary competitors in its AA are American National Bank, First Citizen's Bank and Trust Company, Bank of America, N.A., and Virginia Bank and Trust Company.

Refer to the market profiles for the state of Virginia in Appendix C for detailed demographics and other performance context information for the AA that received a full-scope review.

## Scope of Evaluation in Virginia

The Danville, VA MSA 1950 AA received a full-scope evaluation. Refer to the table in Appendix A for more information. The ratings for the state of Virginia are based on the results of the single area receiving a full-scope review.

In evaluating performance under the Lending Test, higher weight is placed on lending activity and distribution of loans by income level of the borrower. The geographic distribution of loans carried less weight than other factors. There are only two low-income geographies in the Virginia full scope area.

In determining how each loan type would be weighted, we considered PNB's business strategy, the volume of originations, and community credit needs identified through discussions with community contacts. Overall, residential real estate loans and small loans to businesses were considered PNB's primary products and were given relatively equal consideration during the evaluation process.

## LENDING TEST

### Conclusions for Area Receiving Full-Scope Review

PNB's performance under the Lending Test in the Virginia rating area is rated **High Satisfactory**. Based on a full-scope review, PNB's performance in the Danville, VA MSA 1950 AA was good.

### Lending Activity

Refer to Table 1 Lending Volume in the state of Virginia section of Appendix D for the facts and data used to evaluate PNB's lending activity.

Lending levels in the AA reflected good responsiveness to meeting the credit needs of PNB's AA. At June 30, 2001, PNB ranked second with a 21% market share of deposits among 11 financial institutions in the AA.

PNB ranked third among 146 HMDA reporters in 2000 with a 4.3% overall market share of home mortgage loans; a 3.2% market share of home purchase loans, a 7.2% market share in home improvement loans and a 5% market share of refinance loans. HMDA reporters made no loans in low-income geographies. PNB ranked second and had a 4.8% market share of loans originated in moderate-income geographies. PNB ranked third with a 4.8% market share of loans to low- and moderate-income borrowers.

PNB ranked fourth among 37 CRA reporters and had a 13.6% market share in small loans to businesses. PNB ranked ninth with a 2.8% market share in loans to businesses with less than \$1 million annual revenues.

## **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans in this AA was good. The geographic distribution of HMDA loans was good. The geographic distribution of small loans to businesses was adequate. There were no unexplained conspicuous gaps in PNB's lending patterns throughout its AA.

We considered the following factor in assessing PNB's lending performance in low-income geographies. Our review considered lending performance relative to the opportunities to lend on owner-occupied units in the geographies. The AA has only 24 owner occupied housing units in the low-income geographies that represent 0.27% of total owner-occupied units in the AA.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in the state of Virginia section of Appendix D for the facts and data used to evaluate the geographic distribution of PNB's home mortgage loan originations/purchases.

As of June 30, 2001, there were 11 depository institutions operating 45 branches in the AA. Additionally, there were 146 HMDA reporters attributed with loans in the AA during 2000 resulting in heavy levels of competition in the southside Virginia area.

### ***Home Purchase Loans***

The geographic distribution of *home purchase loans* in the AA was excellent. PNB made no home purchase loans in low-income geographies. However, considering the information provided above, PNB's opportunity to lend for home purchase purposes was severely limited. The percent of home purchase loans in moderate-income geographies was near to the percent of owner-occupied units in moderate-income geographies. The percent of home purchase loans in moderate-income geographies exceeded PNB's market share of home purchase loans in moderate-income geographies.

### ***Home Improvement Loans***

The geographic distribution of *home improvement loans* in the AA was adequate when the factors mentioned above are taken into consideration. PNB made no home improvement loans in low-income geographies. PNB's percentage of home improvement loans in moderate-income geographies was significantly lower than the percentage of owner-occupied units in moderate-income geographies. The percent of home improvement loans in moderate-income geographies exceeded PNB's market share of home improvement loans in moderate-income geographies.

### ***Refinance Loans***

The geographic distribution of *refinance loans* in the AA was adequate when the factors mentioned above are taken into consideration. PNB made no loans in low-income

geographies. The percent of refinance loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. PNB's market share of refinance loans in moderate-income geographies was somewhat lower than their overall market share of loans.

### ***Multi-family Loans***

PNB originated only one *multi-family loan* in the AA during the evaluation period. An analysis of geographic distribution would not be meaningful.

### ***Small Loans to Businesses***

Refer to Table 6 in the state of Virginia section of Appendix D for the facts and data used to evaluate the geographic distribution of PNB's origination/purchase of small loans to businesses.

The geographic distribution of *small loans to businesses* in the AA was adequate. The percent of small loans to businesses in low-income geographies was significantly lower than the percent of businesses located in low-income geographies. The percent of small loans to businesses in moderate-income geographies was somewhat lower than the percent of businesses located in moderate-income geographies. PNB had no market share of loans in low-income geographies in 2000. PNB's market share of loans in moderate-income geographies exceeded their overall market share.

### ***Lending Gap Analysis***

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, and demographic information. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A substantial majority of PNB's loan originations were in their AAs. Overall, 91% of PNB's loan originations were within their AAs. By loan product, 90% of HMDA loans, and 92% of small loans to businesses were inside PNB's AAs. This analysis was performed on the entire bank rather than by AA. This had a positive impact on the bank's geographic distribution of loans.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was good. The distribution of HMDA loans by borrower income level was good. The distribution of small loans to businesses with annual revenues of \$1 million or less was excellent. The majority of small loans to businesses were for amounts less than \$100 thousand.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the state of Virginia section of Appendix D for the facts and data used to evaluate the borrower distribution of PNB's home mortgage loan originations and purchases.

Several factors were considered while evaluating PNB's performance by borrower distribution of loans. There is strong competition for HMDA loans in the AA as evidenced by the number of HMDA reporters in 2000. Additionally, almost 23% of all families and 57% of low-income families in the AA live below poverty.

### ***Home Purchase Loans***

The distribution of *home purchase loans* by borrower income level was good, when considering the factors discussed above. PNB's percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA. The percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families residing in the AA. PNB's market share of loans to low-income borrowers exceeded their overall market share of loans. PNB's market share of loans to moderate-income borrowers was lower than their overall market share of loans.

### ***Home Improvement Loans***

PNB's distribution of *home improvement loans* by borrower income level was excellent, when considering the factors discussed above. PNB's percent of home improvement loans to low-income borrowers exceeded the percent of low-income families in the AA. The percent of home improvement loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. PNB's market share of loans to low-income borrowers was near to their overall market share of loans. PNB's market share of loans to moderate-income borrowers exceeded their overall market share of loans.

### ***Refinance Loans***

The distribution of *refinance loans* by borrower income level was adequate, when considering the factors discussed above. PNB's percent of refinance loans to low-income borrowers was significantly lower than the percent of low-income families residing in the AA. PNB's percent of refinance loans to moderate-income borrowers was near to the percent of moderate-income families residing throughout the AA. PNB's market share of loans to low-income borrowers was significantly lower than their overall market share of loans. PNB'S market share of loans to moderate-income borrowers exceeded their overall market share of loans.

### ***Small Loans to Businesses***

Refer to Table 11 in the state of Virginia section of Appendix D for the facts and data used to evaluate the borrower distribution of PNB's origination and purchase of small loans to businesses.

The distribution of *small loans to businesses* by borrower income level was good. PNB's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) exceeded the percentage of small businesses in the AA. The majority of PNB's small loans to businesses were for amounts less than \$100 thousand. PNB's market share of small loans to small businesses was significantly lower than their overall market share of small loans to all businesses.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Virginia section of Appendix D for the facts and data used to evaluate PNB's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

PNB made no community development loans during the evaluation period. This had a neutral impact on lending performance in the AA because opportunities were limited.

### **Product Innovation and Flexibility**

PNB made no use of innovative or flexible lending practices in order to serve AA credit needs. This had a neutral impact on lending performance in the AA.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving Full-Scope Review**

PNB's performance under the Investment Test in the Virginia rating area is rated **Low Satisfactory**. Based on a full-scope review, and given the available community development opportunities, needs and dollar amount of investments in the AA, PNB's performance in the Danville, VA MSA 1950 AA is adequate.

Refer to Table 13 in the state of Virginia section of Appendix D for the facts and data used to evaluate PNB's level of qualified investments.

PNB has an adequate level of qualified community development investments. PNB made six qualified investments during the evaluation period totaling \$1.8 million and had one outstanding prior period investment of \$15 thousand. The current period investments support affordable single- and multi-family housing development throughout Virginia. The prior period investment supports affordable housing



development and small business development in the Danville, VA MSA 1950 AA. PNB's total investments were equal to 5.5% of Tier 1 capital.

## **SERVICE TEST**

### **Conclusions for Area Receiving Full-Scope Review**

PNB's performance under the Service Test in the Virginia rating area is rated **High Satisfactory**. Based on a full-scope review, PNB's performance in the Danville, VA MSA 1950 AA is good.

### **Retail Banking Services**

Refer to Table 14 in the state of Virginia section of Appendix D for the facts and data used to evaluate the distribution of PNB's branch delivery system and branch openings and closings.

PNB's delivery systems are accessible to geographies and individuals of different income levels in its AA. Although no branches are located in low-income geographies, only 1% of the population resides in low-income geographies. Two of seven branches are located in moderate-income geographies where approximately 30% of the population reside. Three branches are located in middle-income geographies. Two branches are located in upper-income geographies.

To the extent changes have been made, PNB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. One of two branches located in moderate-income geographies was opened during the evaluation period. PNB closed no branches during the evaluation period.

Services do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies or low- or moderate-income individuals. All branches offer the same products, services, and hours of operation.

### **Community Development Services**

PNB provided a limited level of community development services during the evaluation period. A bank officer served on the board of directors for a local community development corporation that supports affordable housing and small business development in the AA. PNB offers a no service charge Lifetime Checking product to help meet the financial needs of their low- and moderate-income customers.

The Virginia Housing Development Authority Directory of community development organizations lists only three non-governmental community development organizations that serve the Danville, VA MSA 1950 AA. Opportunities to provide community development services are limited.

## State Rating

**CRA Rating for North Carolina:** Satisfactory  
**The Lending Test is rated:** High Satisfactory  
**The Investment Test is rated:** Needs to Improve  
**The Service Test is rated:** High Satisfactory

The major factors that support this rating include:

### Lending Test

- Lending levels reflect adequate responsiveness to AA credit needs.
- Geographic distribution of loans by income level of geography was good.
- Distribution of loans by income level of borrower was good.
- A substantial majority of PNB's loans were originated within its AAs.

### Investment Test

- Given available opportunities, the level of qualified investments was poor.

### Service Test

- Delivery systems are accessible to geographies and individuals of different income levels in its AAs.
- To the extent changes were made, PNB's record of opening branches improved the accessibility of its delivery system, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies or individuals.

## Description of Institution's Operations in North Carolina

PNB operates seven bank branches in North Carolina. As of June 30, 2001, PNB had deposits of \$11 million in the state of North Carolina, which represented less than a 1% market share of all deposits in the state. PNB ranked 130<sup>th</sup> out of 141 financial institutions doing business in North Carolina. PNB's primary competitors in its AAs are Central Carolina Bank and Trust Company, Wachovia Bank, N.A., 1<sup>st</sup> State Bank and Branch Banking and Trust Company. Approximately 4% of PNB's total deposits and 1% of combined residential real estate loans and small loans to businesses originated during 1998, 1999 and 2000 were located in North Carolina.

PNB's seven branches are located in five AAs in North Carolina; two branches in the Wilson AA, one branch in the Lee AA, one branch in the Greensboro-Winston-Salem-High Point, NC MSA 3120 AA, two branches in the Fayetteville, NC MSA 2560 AA, and one branch in the Greenville, NC MSA 3150 AA. Wilson and Lee are separate AAs because the non-MSA counties are separated by MSA geographies.

Refer to the market profiles for the state of North Carolina in Appendix C for detailed demographics and other performance context information for the AA that received a full-scope review.

## Scope of Evaluation in North Carolina

The Part of Greensboro-Winston-Salem-High Point, NC MSA 3120 AA was selected for a full-scope evaluation. This AA was the only AA in North Carolina in which PNB originated loans and operated branches throughout the evaluation period. The Part of Fayetteville, NC MSA 2560 AA, the Lee AA, the Part of Greenville, NC MSA 3150 AA, and the Wilson AA were not reviewed under the Lending Test during this evaluation because they were not open a minimum of six months prior to the end of the Lending Test evaluation period. No loans were originated in these areas. These AAs were evaluated using limited scope procedures under the Investment and Service Tests because branches in these AAs were open at least six months prior to the end of the evaluation period for the Investment and Services Tests. The ratings for the state of North Carolina were based primarily on the results of the area that received a full scope review. Refer to the table in Appendix A for more information.

In evaluating performance under the Lending Test, a higher weight was placed on lending activity and distribution of loans by income level of the borrower. The geographic distribution of loans carried less weight than other factors. There are no low-income geographies in the North Carolina full scope area.

In determining how each loan type would be weighted, we considered PNB's business strategy, the volume of originations, and community credit needs identified through discussions with community contacts. PNB was new to North Carolina and originated a small number of loans in the full-scope area. Although residential real estate loan originations were greater than small loans to businesses, based on the factors mentioned above, both were considered primary products and were given relatively equal consideration during the evaluation process.

Refer to the Market Profiles for the State of North Carolina in Appendix C for detailed demographics and other performance context information for AA that received a full-scope review.

## LENDING TEST

### Conclusions for Area Receiving Full-Scope Review

PNB's performance under the Lending Test in the North Carolina rating area is rated **High Satisfactory**. Based on a full-scope review, PNB's performance in the Part of Greensboro-Winston-Salem-High Point, NC MSA 3120 AA was good.

## **Lending Activity**

Refer to Table 1 Lending Volume in the state of North Carolina section of Appendix D for the facts and data used to evaluate PNB's lending activity.

Lending levels in the AA reflected adequate responsiveness to meeting the credit needs in the AA. At June 30, 2001, PNB ranked last with a 0.15% market share of deposits among 11 financial institutions in the AA.

PNB ranked 110<sup>th</sup> among 216 HMDA reporters in 2000 with a 0.09% overall market share of home mortgage loans. There are no low-income geographies in the AA. PNB ranked 94<sup>th</sup> and had a 0.14% market share of loans originated in moderate-income geographies. PNB made no loans to low- and moderate-income borrowers.

PNB ranked 37<sup>th</sup> among 46 CRA reporters and had a 0.08% market share in small loans to businesses in 2000. PNB originated no loans to businesses with less than \$1 million annual revenues.

PNB entered the Part of the Greensboro-Winston-Salem-High Point, NC MSA 3120 market in late August 1998 and operates one branch in the area. As indicated by the market share rankings, PNB faces stiff competition and makes few loans in the area.

## **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans in the AA receiving a full-scope review was good. The geographic distribution of HMDA loans was good. The geographic distribution of small loans to businesses was good. There were no unexplained conspicuous gaps in PNB's lending patterns throughout its AA.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in the state of North Carolina section of Appendix D for the facts and data used to evaluate the geographic distribution of PNB's home mortgage loan originations/purchases.

### ***Home Purchase Loans***

The geographic distribution of *home purchase loans* in the AA was adequate. PNB originated three loans during the evaluation period. All three loans were in middle-income geographies where 73% of owner-occupied units are located.

### ***Home Improvement Loans***

PNB originated only one *home improvement loan* in the AA during the evaluation period. An analysis of the geographic distribution of loans is not meaningful.

### ***Refinance Loans***

The geographic distribution of *refinance loans* in the AA was excellent. PNB's percent of refinance loans in moderate-income geographies exceeded the percent of owner-occupied units located in moderate-income geographies. PNB originated four loans during the evaluation period. One loan was located in a moderate-income geography.

### ***Small Loans to Businesses***

Refer to Table 6 in the state of North Carolina section of Appendix D for the facts and data used to evaluate the geographic distribution of PNB's origination/purchase of small loans to businesses.

The geographic distribution of *small loans to businesses* in the AA was good. PNB's percent of small loans to businesses in moderate-income geographies exceeded the percent of businesses located in moderate-income geographies. PNB's market share of loans in moderate-income geographies was significantly lower than their overall market share. PNB originated four small loans to businesses in the AA during the evaluation period. One loan was located in a moderate-income geography.

### ***Lending Gap Analysis***

We evaluated the lending distribution of this AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We analyzed the distribution of loans across geographies in the AA, and considered branch locations, competition, market conditions and demographic information. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A substantial majority of PNB's loan originations were in their AAs. Overall, 91% of PNB's loan originations were within their AAs. By loan product, 90% of HMDA loans, and 92% of small loans to businesses were inside PNB's AAs. This analysis was performed on the entire bank rather than by AA.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by income level in the AA was good. The distribution of HMDA loans by borrower income level was adequate. The distribution of small loans to businesses with annual revenues of \$1 million or less was excellent. All small loans to businesses were for amounts less than \$100 thousand.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the state of North Carolina section of Appendix D for the facts and data used to evaluate the borrower distribution of PNB's home mortgage loan

originations and purchases.

### ***Home Purchase Loans***

The overall distribution of *home purchase loans* by income level of borrower was adequate. PNB's percent of home purchase loans to low-income borrowers was significantly lower than the percent of low-income families residing in the AA. The percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families residing in the AA.

### ***Home Improvement Loans***

PNB originated one *home improvement loan* during the evaluation. An analysis of distribution by borrower income level is not meaningful.

### ***Refinance Loans***

The overall distribution of *refinance loans* by income level of borrower was adequate. PNB's percent of refinance loans to low-income borrowers was significantly lower than the percent of low-income families residing in the AA. The percent of refinance loans to moderate-income borrowers exceeded the percent of moderate-income families residing in the AA.

### ***Small Loans to Businesses***

Refer to Table 11 in the state of North Carolina section of Appendix D for the facts and data used to evaluate the borrower distribution of PNB's origination and purchase of small loans to businesses.

The distribution of *small loans to businesses* in the AA was excellent. PNB's percentage of small loans to small businesses (businesses with annual revenues of \$1 million dollars or less) exceeded the percentage of small businesses in the AA. All small loans to businesses were for amounts less than \$100 thousand. PNB had no market share in loans to businesses with gross annual revenues of \$1 million or less during 2000.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of North Carolina section of Appendix D for the facts and data used to evaluate PNB's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

PNB originated no community development loans during the evaluation period. This had a neutral impact on PNB's overall lending rating because community development lending opportunities were limited in the AA.

### **Product Innovation and Flexibility**

PNB did not make use of innovative or flexible lending practices during the evaluation period in order to serve AA credit needs. This had a neutral impact on lending performance in the AA.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving Full-Scope Review**

PNB's performance under the Investment Test in the North Carolina rating area is rated **Needs to Improve**. Based on a full-scope review, PNB's performance in the Part of Greensboro-Winston-Salem-High Point, NC MSA 3120 AA is poor.

Refer to Table 13 in the state of North Carolina section of Appendix D for the facts and data used to evaluate PNB's level of qualified investments.

PNB made no qualified community development investments or grants in the AA. Opportunities to invest in the community are adequate.

PNB does not use innovative or complex investments to support community development initiatives.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, PNB's performance under the Investment Test in the Part of Fayetteville, NC MSA 2560 AA, the Lee AA, the Part of Greenville, NC MSA 3150 AA, and the Wilson AA are not inconsistent with PNB's overall Needs to Improve performance under the Investment Test in North Carolina. Refer to Table 12 in the state of North Carolina section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Area Receiving Full-Scope Review**

PNB's performance under the Service Test in the North Carolina rating area is rated **High Satisfactory**. Based on a full-scope review, PNB's performance in the Part of the Greensboro-Winston-Salem-High Point, NC MSA 3120 AA is good.

## **Retail Banking Services**

Refer to Table 14 in the state of North Carolina section of Appendix D for the facts and data used to evaluate the distribution of PNB's branch delivery system and branch openings and closings.

Delivery systems are accessible to geographies and individuals of different income levels in its AAs. A PNB branch is located in one of five moderate-income geographies in the AA. This geography is centrally located to the remaining four moderate-income geographies in the AA and the AA as a whole.

Services, including business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies or individuals.

To the extent changes were made, PNB's record of opening branches improved the accessibility of its delivery system, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. PNB opened seven new branches in North Carolina during the evaluation period. Of the seven, two were located in low-income geographies and three were located in moderate-income geographies.

## **Community Development Services**

The institution reported no community development services in the AA during the evaluation period. This had a neutral impact on the rating.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, PNB's performance under the Service Test in the Part of Fayetteville, NC MSA 2560 AA, the Lee AA, the and the Wilson AA was stronger than PNB's overall performance in the state. During the evaluation period, PNB opened one branch in a low-income geography and one branch in a moderate-income geography in the Part of the Fayetteville, NC MSA 2560 AA. PNB opened one branch in a moderate-income geography in the Lee AA and one branch in a low-income area in the Wilson AA. PNB's performance in the Part of the Greenville, NC MSA 1950 AA was not inconsistent with PNB's overall performance in the state.



## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 01/01/1998 to 12/31/2000 Investment and Service Tests and CD Loans: 04/03/1998 to 02/04/2002	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Peoples National Bank (PNB) Danville, VA	Small Loans to Businesses Residential Real Estate Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
North Carolina Part of the Greensboro-Winston-Salem-High Point, NC MSA 3120 Part of the Fayetteville, NC MSA 2560  Part of the Greenville, NC MSA 3150  Lee  Wilson  Virginia Danville	Full-Scope  Limited-Scope, Investment & Service Tests only Limited-Scope, Investment & Service Tests only Limited-Scope, Investment & Service Tests only Limited-Scope, Investment & Service Tests only  Full-Scope	Alamance County in its entirety.  Cumberland County in its entirety.  Pitt County in its entirety.  Lee County in its entirety.  Wilson County in its entirety.  Part of MSA 1950, Danville, VA. City of Danville in its entirety, Census Tracts 0104.00, 0105.00, 0107.00, 0108.98, 0109.00, 0110.00, 0111.00, 0112.98, 0114.00, 0115.97, 0115.98, 0116.96, 0116.97 and 0116.98 in Pittsylvania County

## Appendix B: Summary of State Ratings

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RATINGS		Peoples National Bank		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Rating
PEOPLES NATIONAL BANK	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
State:				
NORTH CAROLINA	High Satisfactory	Needs to Improve	High Satisfactory	Satisfactory
VIRGINIA	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

(\*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

# Appendix C: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

*State of Virginia Full-Scope Area*..... C-2  
*State of North Carolina Full-Scope Area* ..... C-4

## State of Virginia Full-Scope Area

### Danville

Demographic Information for Full Scope Area: Danville						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	34	5.88	20.59	41.18	8.82	23.53
Population by Geography	92,997	1.25	29.56	53.40	15.79	0.00
Owner-Occupied Housing by Geography	24,666	0.27	24.44	57.81	17.47	0.00
Business by Geography	3,227	9.14	17.69	56.65	16.21	0.31
Farms by Geography	166	1.20	13.86	74.10	10.84	0.00
Family Distribution by Income Level	26,261	22.28	17.05	20.67	39.99	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	10,329	1.40	39.75	48.78	10.07	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below Poverty Level		28,682 41,100 16.67%	Median Housing Value Unemployment Rate (1990 US Census)		46,994 3.43%	

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The Danville, VA MSA 1950 AA includes the City of Danville and the central and southern portions of Pittsylvania County. The AA is part of MSA 1950, Danville, VA. Danville is located in south-central Pittsylvania County. Pittsylvania County is located in far southside Virginia along the North Carolina border. The area is convenient to several major markets. Raleigh-Durham, NC is 1.5 hours south, Roanoke, VA is 1.5 hours west, Lynchburg and Charlottesville, VA are 1 and 2 hours north respectively. Greensboro's international airport is 45 minutes south and Danville Municipal Airport offers daily flights. The city is bisected north-south by US 29, east-west by US 58 and encompassed by Pittsylvania County.

Danville consistently ranks as the most affordable housing market in the Commonwealth, according to the Virginia Commonwealth University's Real Estate Research Center. Additionally, the most recent edition of the Places Rated Almanac named Danville the 16th most affordable place to live in the United States with the 11th lowest housing costs.

Textiles and tobacco, both initially products of the local region's agriculture, were responsible for the early vigorous growth Danville experienced. As a result of increased automation in the textile industry and health issues regarding tobacco usage, employment in both industries has been greatly reduced. However, these industries remain the largest traditional manufacturers in the Danville area and manufacturing remains the largest employing industry in the area. The services and retail sectors are second and third.

Just over 1% of the area population reside in low-income geographies while 30% reside in moderate income geographies. Twenty-two percent of families are low-income. Seventeen percent of families are moderate-income. Twenty-three percent of families live below poverty. The poverty level for the state of Virginia is 11%. The unemployment rate in the AA is 3.4%. The unemployment rate for the state of Virginia is 2.5%.

PNB operates seven branches in the AA. Five branches are located in Danville and two in Pittsylvania County. As of June 30, 2001, 96% of PNB's total deposits were located inside the AA. Of all reporting FDIC-insured institutions in the AA, PNB was ranked second in market share with 21% of total deposits. There were 11 banking companies operating a total of 45 branches in the AA. PNB's primary competitor is American National Bank, a large community bank. Others included two large national banks and several large regional banks.

Bank wide, 88% of the total number of loans originated during this evaluation period were inside PNB's combined AAs. Ninety-nine percent of originations were located in the Danville, VA MSA 1950 AA.

PNB's primary business focus in this AA is lending to businesses. PNB also engages in residential real estate lending and consumer lending in the AA. PNB does not collect or maintain information on consumer loan originations.

We reviewed the Consolidated HUD plan for the state of Virginia and one prior community contact to determine the community credit and development needs of the AA. Our review identified affordable housing loans either directly through banks or through nonprofit agencies as a credit need. Statements also indicated a need for infrastructure improvements in order to attract new businesses, but acknowledged local financial institutions were active in funding infrastructure projects. Additionally, small business and start up business loans were identified as credit needs.

Based on our contacts and review, the level of available qualified investments in this AA is limited. The area does not have many groups or organizations that present investment opportunities.

**State of North Carolina Full-Scope Area**

**Greensboro-Winston-Salem-High Point, NC MSA 3120**

Demographic Information for Full Scope Area: Greensboro-Winston-Salem-High Point, NC MSA 3120						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	0.00	22.73	68.18	9.09	0.00
Population by Geography	108,213	0.00	18.38	70.76	10.86	0.00
Owner-Occupied Housing by Geography	30,702	0.00	14.63	73.43	11.94	0.00
Business by Geography	4,990	0.00	24.05	64.27	11.68	0.00
Farms by Geography	156	0.00	5.13	88.46	6.41	0.00
Family Distribution by Income Level	31,073	18.21	21.92	26.44	33.43	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	12,469	0.00	25.61	69.17	5.22	0.00
Median Family Income		34,869	Median Housing Value	66,392		
HUD Adjusted Median Family Income for 2001		53,100	Unemployment Rate (1990	1.78%		
Households Below Poverty Level		10.99%	US Census)			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The Greensboro-Winston-Salem-High Point, NC MSA 3120 AA is located in the north central portion of North Carolina known as the Piedmont which extends from Raleigh to Charlotte. As the state's centralized link between east and west, the AA, joins two major metropolitan areas: the Triad (Greensboro, High Point and Winston-Salem) and the Research Triangle (Raleigh, Durham and Chapel Hill). An excellent federal and state highway network puts any city in the Piedmont within an hour's drive for county residents. The county of Caswell N.C. separates the AA from PNB's Danville, VA MSA 1950 AA in southern Virginia.

The area is served by two major interstates, 40 and 85, and US highway 70, which run from east to west through the mid-portion of the county, as well as state highways 87 and 54 which run north to south and intersect the Southern Railway lines mid-county near Burlington. The area is also served by a regional airport and two international airports; Greensboro to the west and Raleigh-Durham to the east.

The AA is home to Elon University, a private university with enrollment of just over 4,300. Manufacturing concerns are the largest employers in the area with service industries in a close second.

There are no low-income geographies in the AA. Eighteen percent of families are low-income. Twenty-two percent of families are moderate-income. Six percent of families live below poverty. The poverty level for the state of North Carolina is 14%. The area's unemployment rate is below that of the state rate of 2.3%.

PNB operates one branch in the AA. Just under 1% of PNB's total deposits and just over 1% of its loans originated during the evaluation period are located in this AA. There were 14 FDIC-insured banking and thrift companies operating a total of 46 branches in the AA as of June 30, 2001. These included two large national banks, several large regional banking companies and community banking institutions. PNB ranked last in market share with 0.15% of total deposits.

Bank wide, 91% of the total number of loans originated during this evaluation period were inside PNB's combined AAs.

PNB's primary business focus in this AA is lending to businesses. PNB also engages in residential real estate lending and consumer lending in this AA. PNB does not collect or report information on consumer loans.

We reviewed the Consolidated HUD plan for the state of North Carolina. We also reviewed two community contacts with organizations that serve the Greensboro-Winston-Salem-High Point, NC MSA 3120 AA. One contact stated the area's greatest need is for affordable housing. The second contact stated there are needs for first-time home-buyer and debt-management education. Both organizations would like to see more involvement in their communities by local financial institutions but identified no unmet credit needs.

Based on our contacts and review of publicly available information, the opportunity for making qualified investments in this AA is adequate. There are a number of organizations that serve the AA and broader areas that include the AA.

# Appendix D: Tables of Performance Data

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STATE OF NORTH CAROLINA .....	D-19



## Content of Standardized Tables

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A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that PNB provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by PNB as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by PNB over the evaluation period by MA/AA. Community development loans to statewide or regional entities or made outside PNB's AA may receive positive CRA consideration. Refer to Interagency Q&As \_\_\_ .12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by PNB in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by PNB in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by PNB in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic

areas smaller than counties, it may be necessary to use geographic areas larger than PNB's AA.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by PNB in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than PNB's AA.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by PNB to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by PNB to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by PNB by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by PNB to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by PNB by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Qualified Investments** - Presents the number and dollar amount of qualified investments made by PNB in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that

amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by PNB's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of PNB's AA. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments.

**Table 14. Distribution of Branch Delivery System and Branch Openings/Closings -** Compares the percentage distribution of the number of PNB's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Tables of Performance Data

State of Virginia

**Table 1. Lending Volume**

LENDING VOLUME JANUARY 1, 1998 TO DECEMBER 31, 2000		Geography: STATE OF VIRGINIA								Evaluation Period:		% of Rated Area Deposits in MA/AA***
MA/AA (2001):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		
			#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)
<b>Full Review:</b>												
Danville	100.00	386	22,170	515	14,545	82	1,598	0	0	983	38,313	100.00

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From April 3, 1998 to February 4, 2002.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

## Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: STATE OF VIRGINIA										Evaluation				
Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/AA:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total*	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Danville, VA MSA 1950	107	100.00	0.27	0.00	24.44	23.36	57.81	60.75	17.47	15.89	3.23	0.00	5.14	3.25	1.93	

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

### Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT Period: JANUARY 1, 1998 TO DECEMBER 31, 2000		Geography: STATE OF VIRGINIA										Evaluation				
MA/AA:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Danville, VA MSA 1950	50	100.00	0.27	0.00	24.44	10.00	57.81	72.00	17.47	18.00	7.10	0.00	0.00	11.30	0.00	

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

### Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF VIRGINIA										Evaluation				
Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/AA:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Danville, VA MSA 1950	228	100.00	0.27	0.00	24.44	18.42	57.81	61.84	17.47	19.74	5.03	0.00	5.19	4.90	5.38	

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

### Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY Period: JANUARY 1, 1998 TO DECEMBER 31, 2000		Geography: STATE OF VIRGINIA										Evaluation				
MA/AA:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Danville, VA MSA 1950	1	100.0 0	9.96	0.00	33.83	100.00	30.85	0.00	25.37	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.



## Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: STATE OF VIRGINIA					Evaluation
Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																	
MA/AA:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*						
	#	% of Total**	% of Business** *	% BANK Loans	% of Business** *	% BANK Loans	% of Business** *	% BANK Loans	% of Business** *	% BANK Loans	Overall	Low	Mod	Mid	Upp		
<b>Full Review:</b>																	
Danville, VA MSA 1950	515	100.0 0	9.14	3.11	17.69	12.43	56.65	71.46	16.21	13.01	8.69	3.30	7.14	10.17	7.14		

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).

## Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS												Geography: STATE OF VIRGINIA					Evaluation	
Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																		
MA/AA:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*							
	#	% of Total **	% of Farms* **	% BANK Loans	% of Farms* *	% BANK Loans	% of Farms* *	% BANK Loans	% of Farms* *	% BANK Loans	% of Farms* *	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																		
Danville, VA MSA 1950	82	100.00	1.20	0.00	13.86	15.85	74.10	82.93	10.84	1.22	18.33	0.00	100.00	16.24	0.00	0.00	0.00	

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).

### Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE											Geography: STATE OF VIRGINIA					Evaluation				
Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																				
MA/AA:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*									
	#	% of Total**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Overall	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Danville, VA MSA 1950	107	100.00	22.28	14.15	17.05	21.70	20.67	32.08	39.99	32.08	3.64	6.32	2.30	3.64	3.72					

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.93% of loans originated and purchased by PNB.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

## Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: STATE OF VIRGINIA										Evaluation			
Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/AA:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Danville, VA MSA 1950	50	100.00	22.28	24.00	17.05	34.00	20.67	26.00	39.99	16.00	7.26	6.67	13.79	7.14	4.69

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by PNB.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE				Geography: STATE OF VIRGINIA						Evaluation					
Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/AA:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Danville, VA MSA 1950	228	100.00	22.28	9.25	17.05	16.74	20.67	35.68	39.99	38.33	5.78	2.33	6.82	5.65	6.76

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.44% of loans originated and purchased by PNB.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

## Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: STATE OF VIRGINIA			Evaluation	
<b>Period:</b> JANUARY 1, 1998 TO DECEMBER 31, 2000									
	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Business es***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>MA/AA:</b>									
<b>Full Review:</b>									
Danville, VA MSA 1950	515	100.00	86.43	96.76	96.50	1.75	1.75	8.69	2.76

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 40.00% of small loans to businesses originated and purchased by PNB.

## Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS Period: JANUARY 1, 1998 TO DECEMBER 31, 2000				Geography: STATE OF VIRGINIA			Evaluation		
MA/AA:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less	Loans by Original Amount Regardless of Farm Size			Market Share*		
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Danville, VA MSA 1950	82	100.0 0	93.98	100.00	98.78	1.22	0.00	18.33	0.00

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 25.61% of small loans to farms originated and purchased by PNB.

**Table 13. Qualified Investments**

QUALIFIED INVESTMENTS April 3, 1998 TO February 4, 2002		Geography: STATE OF VIRGINIA						Evaluation Period:	
MA/AA:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Danville, VA MSA 1950	1	15	0	0	1	15	100.00	0	0
Virginia Statewide	0	0	6	1837	6	1837	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.



## Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: STATE OF VIRGINIA							
Evaluation Period: April 3, 1998 TO February 4, 2002																	
MA/AA:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Danville, VA MSA 1950	100.0 0	7	7	0.00	28.5 7	42.8 6	28.5 7	1	0	0	1	0	0	0.06	29.9 3	54.0 2	15.9 9

State of North Carolina

### Table 1. Lending Volume

LENDING VOLUME JANUARY 1, 1998 TO DECEMBER 31, 2000		Geography: STATE OF NORTH CAROLINA								Evaluation Period:		
MA/AA (2000):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Greensboro-Winston-S High Point, NC MSA 3	100.00	8	732	4	69	0	0	0	0	12	801	0.00

\* Loan Data as of December 31, 2000. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From April 3, 1998 to February 4, 2002.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

## Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE												Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/AA:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total*	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Greensboro-Winston-Salem-High Point, NC MSA 3120	3	100.00	0.00	0.00	14.63	0.00	73.43	100.00	11.94	0.00	0.08	0.00	0.00	0.10	0.00	

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

### Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT												Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/AA:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Greensboro-Winston-Salem-High Point, NC MSA 3120	1	100.00	0.00	0.00	14.63	0.00	73.43	100.00	11.94	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

### Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/AA:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	% Owner Occ Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Greensboro-Winston-Salem-High Point, NC MSA 3120	4	100.00	0.00	0.00	14.63	25.00	73.43	75.00	11.94	0.00	0.13	0.00	0.36	0.09	0.00	

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: STATE OF NORTH CAROLINA										Evaluation				
Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/AA:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	% MF Units** *	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Greensboro-Winston-Salem-High Point, NC MSA 3120	0	0.00	0.00	0.00	29.36	0.00	65.85	0.00	4.79	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

## Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/AA:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Business** *	% BANK Loans	% of Business** *	% BANK Loans	% of Business** *	% BANK Loans	% of Business** *	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Greensboro-Winston-Salem-High Point, NC MSA 3120	4	100.0 0	0.00	0.00	24.05	25.00	64.27	75.00	11.68	0.00	0.08	0.00	0.00	0.12	0.00	

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).

### Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE Period: JANUARY 1, 1998 TO DECEMBER 31, 2000											Geography: STATE OF NORTH CAROLINA					Evaluation	
MA/AA:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*						
	#	% of Total**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Overall	Low	Mod	Mid	Upp		
<b>Full Review:</b>																	
Greensboro-Winston-Salem-High Point, NC MSA 3120	3	100.00	18.21	0.00	21.92	33.33	26.44	0.00	33.43	66.67	0.09	0.00	0.00	0.00	0.29		

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by PNB.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.



### Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT											Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000															
MA/AA:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Greensboro-Winston-Salem-High Point, NC MSA 3120	1	100.00	18.21	0.00	21.92	0.00	26.44	0.00	33.43	100.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by PNB.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

### Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																
MA/AA:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans**	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Greensboro-Winston-Salem-High Point, NC MSA 3120	4	100.00	18.21	0.00	21.92	25.00	26.44	50.00	33.43	25.00	0.16	0.00	0.00	0.57	0.00	

\* Based on 2000 Peer Mortgage Data: Southeast Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by PNB.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

### Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: STATE OF NORTH CAROLINA				
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000									
MA/AA:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total **	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Greensboro-Winston-Salem-High Point, NC MSA 3120	4	100.00	86.91	100.00	100.00	0.00	0.00	0.08	0.00

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 75.00% of small loans to businesses originated and purchased by PNB.

## Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: STATE OF VIRGINIA							
<b>Evaluation Period:</b> April 3, 1998 February 4, 2002																	
MA/AA:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Greensboro-Winston-Salem-High Point, NC MSA 3120	95.15	1	14.28	0.00	100.00	0.00	0.00	1	0	0	1	0	0	0.00	18.38	70.76	10.86
<b>Limited Review:</b>																	
Fayetteville, NC MSA 2560	0.00	2	28.58	50.00	50.00	0.00	0.00	2	0	1	1	0	0	1.90	26.09	56.93	15.08
Lee	0.00	1	14.28	0.00	100.00	0.00	0.00	1	0	0	1	0	0	0.00	13.81	35.00	51.19
Greenville, NC MSA 3150	0.06	1	14.28	0.00	0.00	0.00	100.00	1	0	0	0	0	1	9.49	11.30	40.86	38.35
Wilson	4.79	2	28.58	50.00	0.00	0.00	50.00	2	0	1	0	0	1	7.14	19.78	50.32	22.76

